



## **Puerto Rico Treasury Reported Sustained Revenue Increase**

### **October Revenue Exceeds Last Year Revenue by More than \$100 Million**

*San Juan, Puerto Rico (November 27, 2019)* – Puerto Rico Treasury Secretary Francisco Parés Alicea reported that preliminary net revenues to the General Fund for the month of October reflected a \$881.6 million increase.

In October, net revenues increased \$142.6 million, or 19.3 percent, on a fiscal year-over-year basis.

Parés Alicea explained that revenue behavior in the July-October period has shown some growth. “The first four months of FY2020, revenues totaled \$3,689 million, which reflected a year-over-year increase of \$706 million, or 23.7 percent,” he further explained.

In addition, year-to-date (July-October) revenue was above projections by \$667.6 million.

The Treasury Secretary indicated that one of the main revenue drivers that significantly contributed to this performance was the corporate income tax. “The tax category that reflected the most growth was the Corporate Income Tax. In October, these revenues totaled \$318.6 million, a \$132.8 million year-over-year increase.”

Fiscal year-to-date revenues for this category totaled the record amount of \$1,243.5 million. This amount is up by \$656.7 million year-over-year, and \$562.7 million above projections.

Another revenue driver during the first four months of the fiscal year was the Individual Income Tax category.

“During these first four months, month after month, the Individual Income Tax category has been a key element responsible for the growth of Net Revenues to the General Fund, totaling \$643.7 million fiscal year-to-date, a year-over-year increase of \$104.6 million, or 19.4 percent. In addition, individual income tax

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revenue was \$72.1 million above projections,” according to the Treasury Secretary.

October 2018 Sales and Use Tax (SUT) collections totaled \$100.7 million, which is above SUT collections for October 2018. In addition, SUT Collections from businesses certified to levy the reduced 7% rate for prepared foods reflected a 6% increase in taxable sales.

General Fund revenues from SUT collections totaled \$388.6 million. This reflects a \$10 million year-over-year decrease and is \$42 million below projections.

To a large extent, these totals are a result of a change in the accounting method for the SUT, which was announced last September. The new method records payments to businesses when the monthly returns are filed; therefore, the difference with respect to the previous year is mainly due to changes in how these revenues are recorded.

The Treasury Secretary explained that one of the principal changes brought by this new accounting method is the biweekly payments made pending filing of the returns and the overpayments made by large taxpayers. “We believe that the reduction with respect to the previous fiscal year can be attributed to the discrepancy between periods with different accounting methodologies,” he stated.

In addition, revenues from the foreign corporation excise tax (Act 154-2010) totaled \$702.3 million for the July-October period, which exceeded projections by \$33.9 million.

Year-to-date revenues from alcoholic beverage and motor vehicle excise taxes exceeded projections by \$10 million and \$33 million, respectively.

“The Treasury Department’s digitalization process is ongoing and will be in place during the third and last phase of implementation of the Internal Revenue Unified System (SURI by its Spanish acronym) in early 2020 when the filing of income tax returns will be incorporated. Technology is, without a doubt, an element that boosts compliance and will provide us a visibility we did not have before. The positive revenue behavior during the first four months of this fiscal year validates the success of these initiatives,” Parés Alicea concluded.

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### Ingresos Netos al Fondo General octubre (millones de \$)

Conceptos	Recaudo Actual			Proyección octubre	Recaudos vs. Proyección
	2018-19	2019-20	Dif.		
Total Bruto	793.96	936.6	142.6	757.0	179.5
Reserva	(55.0)	(55.0)	-	(55.0)	-
Total Neto	739.0	881.6	142.6	702.0	179.5
Individuos	160.7	197.8	37.1	159.8	38.0
Corporaciones	185.9	318.6	132.8	173.5	145.1
Retenida a no residentes	57.5	32.8	(24.7)	47.7	(14.9)
IVU	98.9	100.7	1.8	131.1	(30.4)
Foráneas (Ley 154)	94.5	73.6	(20.9)	61.4	12.2
Bebidas alcohólicas	25.6	24.4	(1.2)	20.9	3.5
Cigarrillos	10.1	5.8	(4.3)	14.4	(8.6)
Vehículos de motor	55.5	49.4	(6.1)	30.9	18.4
Arbitrios de ron	35.7	33.6	(2.1)	35.1	(1.5)
Otros	14.6	44.8	30.2	27.2	17.6

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## PUERTO RICO TREASURY DEPARTMENT

### Ingresos Netos al Fondo General

Años Fiscales

octubre

(millones de \$)

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Conceptos	Recaudo Actual julio - octubre			Proyección julio - octubre	Recaudos vs. Proyección
	2018-19	2019-20	Dif.		
Total Bruto	3,209.3	3,915.0	705.6	3,247.4	667.6
Reserva	(226.0)	(226.0)	-	(226.0)	-
Total Neto	2,983.34	3,689.0	705.6	3,021.4	667.6
Individuos	539.1	643.7	104.6	571.6	72.1
Corporaciones	586.8	1,243.5	656.7	680.8	562.7
Retenida a no residentes	205.6	132.4	(73.2)	189.3	(56.9)
IVU	398.8	388.6	(10.2)	430.6	(42.0)
Foráneas (Ley 154)	720.1	702.3	(17.9)	668.4	33.9
Bebidas alcohólicas	96.4	87.8	(8.6)	77.8	10.0
Cigarrillos	44.2	25.1	(19.1)	57.7	(32.5)
Vehículos de motor	176.1	139.0	(37.1)	106.0	33.0
Arbitrios de ron	123.0	135.8	12.8	124.5	11.2
Otros	93.2	190.7	97.5	114.6	76.1

